

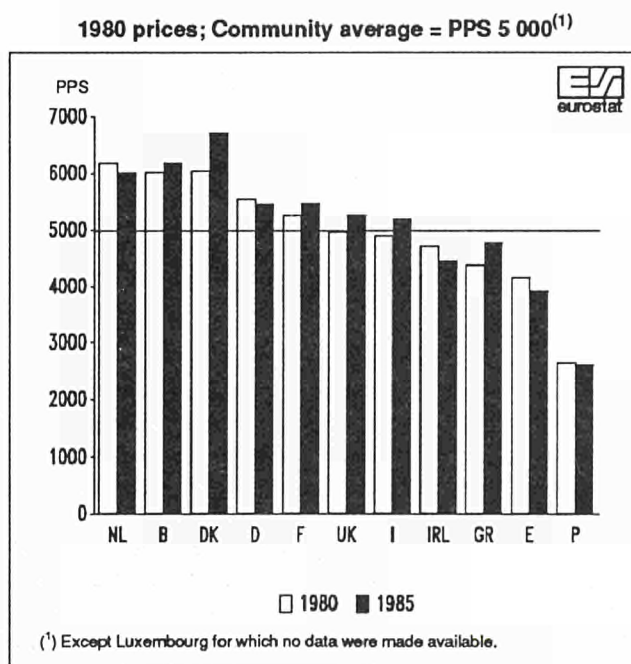
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INEQUALITY AND POVERTY IN EUROPE (1980 - 1985)

There were about 49 million poor persons in the Community of twelve in 1980, measured by national criteria. On this basis their number increased slightly to 50 million in 1985. The Member States which had the highest poverty rates (i.e. percentage of the population living below the poverty line) in 1985 were Portugal (33%), Ireland (20%), Spain (19%), and Greece and the United Kingdom (around 18%). Measured by Community criteria, poverty figures were even higher in 1980 (53 million), but fell to 51 million in 1985. Although poverty seems to have stabilized in the period 1980-85 for the Community as a whole, important changes in poverty rates were observed for individual Member States. Poverty rates among children and elderly were significantly higher than for the Community population as a whole although the situation of the elderly does seem to have improved slightly between 1980 and 1985. Certain household groups such as those with an unemployed or nonactive head of household, female headed households and households with low qualified heads of household had poverty rates well above the average.

THE AVERAGE HOUSEHOLD IN EACH MEMBER STATE

Figure 1: National average equivalent expenditure

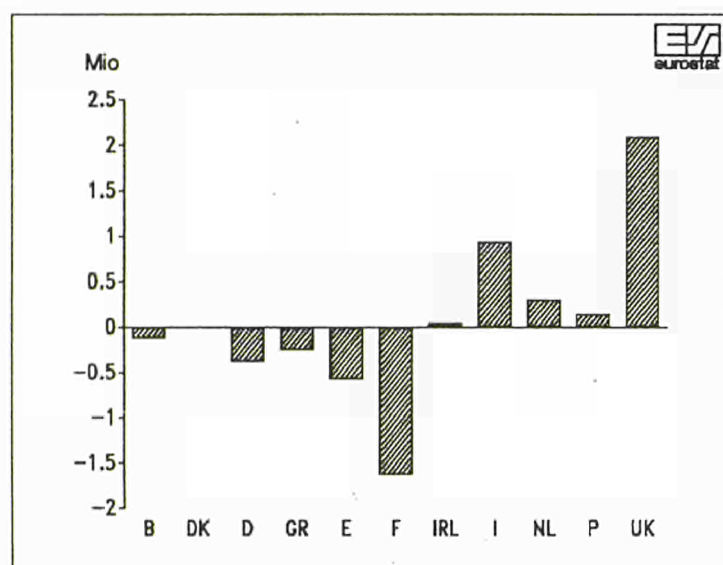


The welfare of the average household varies substantially from one Member State to another. In Portugal in 1985 an average household spent annually PPS 2 500 (in 1980 prices) per adult equivalent (see methodological note) whereas using the same measurement the average Danish household spent PPS 6 700 annually. From figure 1 it can be seen that average household welfare was below the Community average in Ireland, Greece, Spain and Portugal and above the Community average in Denmark, the Netherlands, Belgium, the Federal Republic of Germany and France. The average household in the United Kingdom and Italy had a welfare level close to that of the Community as a whole, which was PPS 5 000 per adult equivalent in both years.

EVOLUTION OF POVERTY: SUBSTANTIAL CHANGES WITHIN MEMBER STATES

Defining a poor household according to national criteria (a household is poor when it spends less

Figure 2: Changes in the number of poor persons 1980-1985
(National criteria)



than 50% of the national average household expenditure per adult equivalent), there were about 16 million poor households in the Community in both 1980 and 1985, equivalent to around 49 million persons. Although the total number of poor in the Community did not change significantly between 1980 and 1985, important changes were observed in individual Member States. The number of poor persons fell significantly in France (from 10.3 to 8.7 million persons), Spain (from 7.8 to 7.3 million), the Federal Republic of Germany (from 6.5 to 6.1 million) and Greece (2.1 to 1.8 million). On the other hand significant increases in poverty were recorded in the United Kingdom (from 8.2 to 10.3 million), Italy (from 7.9 to 8.9 million) and the Netherlands (from 1.4 to 1.7 million). Figure 2 gives an overview of the changes in the number of poor in all Member States (except Luxembourg) and more complete information on poverty rates and the number of poor per Member State is summarized in table 1.

Table 1: Poverty incidence in 1980 and 1985 (Poverty line taken as 50% of National Average Equivalent Expenditure in respective years)

	HOUSEHOLDS				PERSONS			
	1980		1985		1980		1985	
	%	(1000)	%	(1000)	%	(1000)	%	(1000)
Belgium	6.3	226	5.2	189	7.1	701	5.9	583
Denmark	8.0	166	8.0	166	7.9	407	8.0	409
F.R. of Germany	10.3	2 592	9.2	2 306	10.5	6 448	9.9	6 074
Greece	20.5	604	17.4	527	21.5	2 073	18.4	1 817
Spain	20.3	2 129	17.8	1 924	20.9	7 829	18.9	7 257
France	18.0	3 503	14.8	2 947	19.1	10 313	15.7	8 681
Ireland	18.5	167	17.4	162	18.4	625	19.5	684
Italy	12.0	2 237	14.7	2 760	14.1	7 941	15.5	8 880
Netherlands	6.9	345	7.9	403	9.6	1 363	11.4	1 661
Portugal	31.4	906	31.7	948	32.4	3 167	32.7	3 310
United Kingdom	14.1	2 808	18.9	3 790	14.6	8 226	18.2	10 324
EUR12 *	14.1	15 683	14.4	16 122	15.5	49 093	15.4	49 680

* Except Luxembourg for which no data were made available.

CHILDREN AND THE ELDERLY: TWO HIGH RISK GROUPS

As the resources of children and the elderly largely depend on others, these two groups cannot defend themselves effectively against poverty. Two important observations can be made about poverty among children and the elderly based on data contained in table 2. Firstly, important differences exist between Member States as regards poverty rates among children and the elderly. Secondly, the evolution of the number of poor children and elderly persons is far from uniform in all Member States. The poverty index which reveals whether the poverty rate among children or the elderly is above (higher than 100) or below (less than 100) the national poverty rate shows that the relative position of children in 1985 was worst in the Netherlands followed by Ireland, the Federal Republic of Germany and the United Kingdom. In the majority of the Member States children became relatively worse off during the period 1980-1985, in spite of the fact that in most of these Member States the number of poor children actually decreased. This phenomenon occurred due to a relatively smaller reduction in the number of poor children compared to the decline in poverty in other sectors of the population. Only four Member States experienced an increase in the number of poor children during this period i.e. the Netherlands (26%), Ireland (24%), the United Kingdom (12%) and the Federal Republic of Germany (4%).

Table 2: Poverty among children and the elderly

	Children			Elderly		
	Poverty index (National poverty rate = 100)		Variation in the absolute number of poor (%)	Poverty index (National poverty rate = 100)		Variation in the absolute number of poor (%)
	1980	1985		1980	1985	
Belgium	113	114	-20.3	175	181	-17.7
Denmark	110	114	-5.4	238	255	12.1
F.R. of Germany	110	138	3.5	136	141	-8.1
Greece	96	103	-16.5	145	153	-2.9
Spain	106	107	-14.5	157	125	-21.7
France	108	124	-6.6	159	136	-31.2
Ireland	122	143	23.8	163	73	-50.5
Italy	114	97	-14.4	132	129	1.5
Netherlands	136	155	25.6	44	46	31.9
Portugal	112	112	-2.3	139	139	8.1
United Kingdom	138	132	12.2	163	119	-7.1

The relative position of the elderly in 1985 was worst in Denmark, followed by Belgium, Greece and the Federal Republic of Germany, whereas the poverty rate for this group was well below the national rate in the Netherlands and to a lesser extent in Ireland. The position of the elderly showed a spectacular improvement over the period 1980 to 1985 both in relative and in absolute terms in Ireland and in France whereas the picture in other Member States was mixed. The highest increase in the number of poor elderly occurred in the Netherlands (32%) but the relative position of the elderly in that Member State still remained the most favourable in the European Community.

Table 3: High risk household groups in the Community around 1980
(Poverty line: 50% of National Average Equivalent Expenditure)

poverty rate between 125 and 150% of national rate: *

poverty rate more than 150% of national rate: **

Socio-economic classifications	B	DK	D	GR	E	F	IRL	I	NL	P	UK
Type of household											
one person, less than 65										*	
one person, 65 or more		**	**	**		**	**	*		**	**
couple, no children	*		*	*							
couple + 3 children		*	*					*	**		**
couple + 4 children or more						**	**			**	
single parent household	**		*								**
other households	**		*			*			**		
Composition of households											
1 member	**	*	*		**	*	**	*		**	**
5 members		**	*					*	**		
6 members or more	**		**	**	*	**	*	**		**	**
Age group of head of household											
aged 65 and over	**	**	*	**	**	**	**			*	**
Sex of head of household											
female	*				*	*	**				**
Educational attainment of head of household											
none				**	**	**				**	
primary	**	**							*		
Economic activity of head of household											
agriculture		**		**					*	*	*
manufacturing industry									*		
none		**	*				**			*	**

HIGH RISK HOUSEHOLD GROUPS IN THE COMMUNITY

Table 3 shows the high risk household groups (i.e. groups showing a higher poverty incidence than the country as a whole) in the Community around 1980 for eleven Member States, using various Eurostat household classifications. This table confirms previous observations concerning poverty among children and the elderly. It also shows that female headed households had poverty rates well above the national average in five out of the eleven Member States listed. In fact all Member states with the exception of the Netherlands had poverty rates for this group of them which were higher than the national average. The table also shows that the educational attainment of the head of the household is related to poverty. Finally, households with a head of household who does not have a declared economic activity appear to be at high risk in five Member States while the same statement holds true for households engaged in agriculture. This picture also applies to 1985.

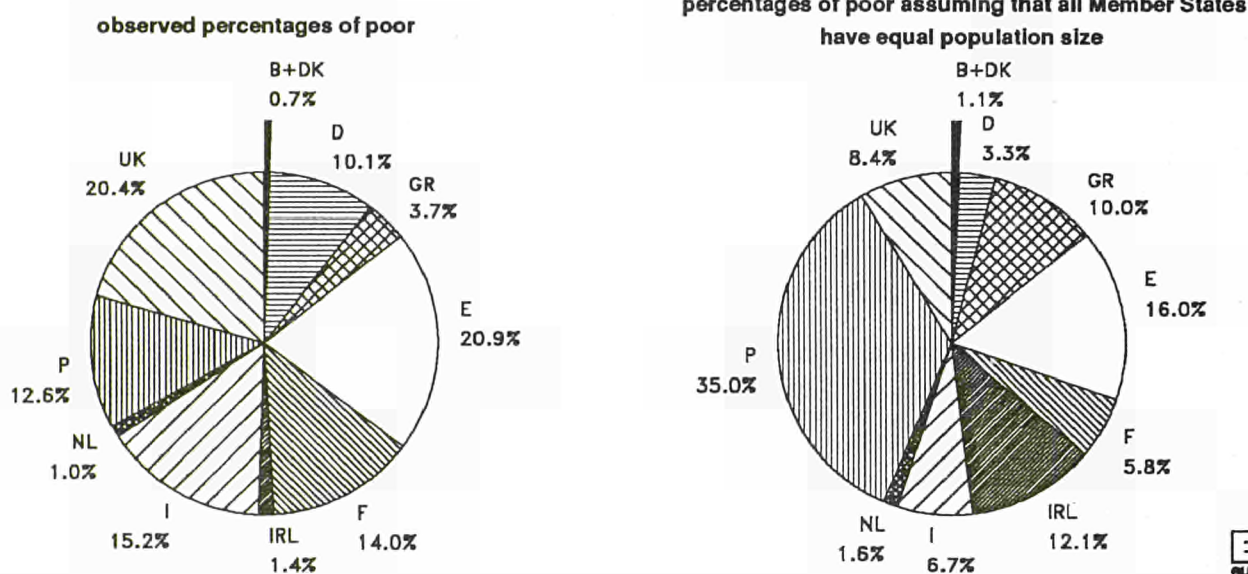
POVERTY FROM A COMMUNITY PERSPECTIVE

Table 4: Poverty Incidence in 1980 and 1985
(Community poverty line = PPS 2500
(1980 prices))

	%	1980 million	%	1985 million
Households	14.8	16.4	14.4	16.2
Persons	16.8	52.9	15.9	51.3
Children	19.7	13.5	19.4	12.3
Elderly (65+)	22.5	9.9	19.6	8.5

The above poverty figures were derived using national poverty lines which depend on the average welfare level of each Member State. Hence eleven different poverty lines were used. Measuring poverty on the basis of one common Community poverty line (see methodological notes) dramatically changes the distribution of poverty among the Member States (see figure 3). Table 4 shows that poverty in the Community (excluding Luxembourg) based on a common poverty line fell slightly between 1980 to 1985 for households, persons, children and the elderly.

Figure 3: Geographical distribution of poor households in the European Community, based on a common Community poverty line, 1985



Methodological Notes

This analysis uses the concept of Relative Poverty. Relative poverty from a national perspective is measured by reference to a poverty line (level of welfare below which a household is considered to be poor) defined as 50 % of the national average household expenditure per adult equivalent. Adult equivalent scales are used to take into account differences in household size and composition. The scales are: first adult in a household = 1, all other adults = 0.7, and children (less than 14 years) = 0.5. Relative poverty from a Community perspective is measured by reference to a poverty line defined as 50 % of the Community average household expenditure per adult equivalent. National family budget surveys are used as the sources of data. Although these surveys are the most suitable sources of data to compare poverty across countries, data is not entirely comparable mainly due to differences in expenditure definitions, coverage and reference year. Extrapolation methods had to be used for some countries for which data is not available for the mid eighties.

For further information: Eurostat "Poverty in Figures: Europe in the Early Eighties", is in preparation.